PROCEEDINGS OF THE MYSORE REPRESENTATIVE ASSEMBLY.

BUDGET SESSION—JUNE 1936.

FIRST DAY.

Tuesday, 2nd June 1936.

The Budget Session of the Mysore Representative Assembly was held in the Jagan Mohan Palace Pavilion, Mysore, commencing at 12 of the clock on Tuesday, 2nd June 1936, Mr. President (*Amin-ul-mulk* Sir Mirza M. Ismail, K.C.I.E., O.B.E., *Dewan*) in the Chair.

The names of the members present are given in the Appendix.

The Session was opened by the President with the following Address:—

MEMBERS OF THE REPRESENTATIVE ASSEMBLY,

Introductory.

Since I last had the pleasure of addressing you, we have gone through a period of great sorrows and great changes. In common with the rest of the Empire, and with the whole world, we have mourned the passing of a great and good King, one who, in his modesty, described himself as "a very ordinary man," but who was, in fact, a pattern to all the world of goodness, of statesmanship, of straightforward dealing. His late Majesty was a great ruler and a great gentleman. He knew how to win and to retain the deep love and loyalty of his people, and no personality was more truly honoured in the world's esteem.

At home we have to mourn the passing of a member of our own Royal family, the late Princess Cheluvajammanni. I am sure it is the wish of this House that I should convey to His Highness the Maharaja and to His Highness the Yuvaraja our loyal and sincere condolences on the loss of a sister to whom they were devotedly attached. We know what her death has meant to His Highness. Our sorrow and our sympathy with him are more than we can express. It is our earnest prayer that Providence may grant him patience and courage in his great loss.

As I have said, we have been through a period of great changes also. This time last year we had to note how, in the office of Secretary of State, one great statesman had been succeeded by another great statesman. This year we find ourselves under a new King, who has already shown an earnestness in respect of everything that is for the good of his people, coupled with a keen determination to look for himself into everything that affects their welfare. I have no doubt that the time is not far distant when these qualities will be similarly displayed in all matters that are for the good of India. Under our new King we have also a new King's Representative, and we welcome in Lord Linlithgow one who is no stranger to India, one who has already given evidence of his keen and practical interest in matters that lie at the root of the ryot's prosperity.

While recording these changes and noting the influence that they are likely to have upon the future of our State with the rest of India, let us, at the same time, thank God that we

remain under the wise and beneficent rule of the same Maharaja who, nine years ago, celebrated amid such great rejoicings the completion of a quarter of a century of his reign, and who in little more than a year from to-day will add another decade to that period. His Highness's restoration to health has been a matter for deep rejoicing throughout the State, and it is the earnest prayer of us all that he may long be spared to continue his beneficent activities as a model Ruler.

The New Standards recommended.

On a previous occasion I have quoted, though not to this Assembly, from a book which bears the title "The Next Five Years." That book is described by its authors as "An essay in political agreement," "the taking up "by a large group of leaders of thought "in many departments of life of "the challenge that the present situation offers to give leadership in "organizing a world order freed from "the menace of war, a challenge to "develop an economic system which is "freed from poverty and makes full use "of the growing material resources of "the age for the general advantage, "and a challenge to safeguard political "liberty and to revitalize democratic "government." I am tempted to quote from that book again, because I find that, in a world in which the old standards are rapidly disappearing or being discredited, it offers a new set of standards which at least have the merit of being clearly defined and of commanding the agreement of a large number of men and women of high talent and undoubted goodwill. I shall confine myself to-day to two brief quotations which seem to me to have a very definite bearing on our budget policy.

"In a time of depression, one of the "virtues of public works is that they "provide employment; their remunerativeness shows itself in the decline of unemployment and in the buoyancy of revenue arising out of the secondary "effects in stimulating industry. Consequently, it is proper in times of "depression to finance works of this "nature by raising loans charged on "the general revenue, that is by ordinary Government loans."

"Properly conceived, a programme "of national development could be the "embodiment of the social conscience. "Looked at from the economic angle, "it should be the outcome of a determination that the available resources of "the nation shall not rot and waste in "idleness merely because profit-making "industry is temporarily unable to find "them work to do. From the social "point of view it is a resolve that some "part at least of our efforts shall be "consciously directed to the conservation and enrichment of the countryside."

Compared with the policy pursued in Mysore.

I find it somewhat comforting to compare these declarations of a large body of leaders of English thought with some of the declarations of policy that I have been impelled to make in an attempt, with your aid, to steer our way through a decade of disturbance and depression. In the first budget which I introduced to you, in June 1926, I made use of the following language:—

"We have all felt the need for the "extension of avenues of employment— "particularly for the middle and poorer "classes. This is undoubtedly the most "pressing and the most widely-felt "problem to-day. * * * The State "will do what it can in this respect "in the various works that are in hand "or under consideration. Such works "need not necessarily be merely utilitarian. They may also be beautiful, for "beauty and order are as necessary to "the welfare of the nation as utility."

In 1927, I followed that statement with the following:—

"Among social problems, perhaps the "most important confronting the Government at the present time is that "of middle class unemployment. Not "only have palliatives to be found for "the present, but a policy has to be "evolved that will steadily tend to "endow the population with capacity "to work and to create avenues of "employment in agriculture and in "industries suited to our environment."

In 1928, I suggested that "a courageous as well as a consistent policy should be pursued in regard to the manifold activities upon which the State is engaged, and that we should not hesitate to embark on new enterprises, industrial, agricultural or irrigational, whenever circumstances justify such a course."

In 1929, I put the matter in another way by saying: "You will thus see that we are in the position of a company which is steadily increasing its capital, applying it to legitimate expansion of revenue-bearing assets."

I am always an optimist, but I hope that I am not over-optimistic in suggesting that the time has at least come when we are emerging from the trough of depression and may hope for a return, if not to abundance, at least to normal conditions. The consumption of commodities is increasing in all directions. Every week one can read of more business concerns in England and in India which are showing an increase in their profits, and many of which are embarking on new enterprises. Meanwhile, the rate of interest has fallen to a point which we should have hardly believed credible ten or even five, years ago, and capital is forthcoming in abundance for all who are able to use it profitably. I hope that in these circumstances it is not premature to review very briefly the general results of our pursuit of the policy that I have outlined in the light of the conditions that now obtain.

The results of ten years of this policy.

Our total revenue in 1926-27 was Rs. 338 lakhs, and we estimate that for 1936-37 at Rs. 378 lakhs. Our total debt in 1926-27 was Rs. 274 lakhs, and in 1936-37 it will be Rs. 710 lakhs. Our total payment in interest in 1926-27 was Rs. 19 lakhs, and in 1936-37 it will be Rs. 37 lakhs. Now, the increase in our revenue, as you are aware, has not been obtained by increasing the burdens of the people. On the other hand, the two main items of revenue, land revenue and excise, have shown a very serious fall, and there has been comparatively little increase under the other taxation heads. If the Government were a purely commercial concern, we should be able to say that we had increased our capital by Rs. 436 lakhs and had increased our profits by Rs. 40 lakhs If we consider the matter again from the point of view of assets and liabilities, you will, I think, come to a similar conclusion.

Under irrigation we have erected works which have brought an additional 1,15,800 acres under cultivation in the last ten years, much of it being land that was incapable of bearing a crop without water, and which will enable us in a very short time to extend the irrigation to another similar area.

In Railways, by redeeming the debt on it, we have, to all intents and purposes, bought back for the State the important Bangalore-Harihar link.

Under electrical enterprises, we have provided works which are capable of generating 200,754,040 units or 30,720 horse power, and we have a ready sale, not only for that amount of power, but for as much more as we can produce.

To take one more instance, in the Sugar Factory, we have an asset of a capital value of Rs. 20 lakhs, and we and the other shareholders could at the current market price sell our shares in it for at least $2\frac{1}{2}$ times the amount we have spent. I will not go into further particulars because I shall be dealing shortly at somewhat greater length with these enterprises.

The effect on unemployment.

But there is one more point to which I should like to draw your attention. And that is the influence of this programme upon the question of employment. We have not only given employment in the building of the works, but that in itself has given secondary employment in the preparation of bricks, stone and timber and other materials. We have again, wherever opportunity offered, given employment through the making of our own accessories for our enterprises instead of importing them, as in the case of electrical goods and appliances and porcelainware, to which we hope shortly to add cement. We have even developed trade in shipping building materials, in

the shape of granite, to other countries. Again, every one of these enterprises once started has given further employment to the people who manufacture the goods, and thus, I think I may say, has helped to create a spirit of enterprise and enquiry which we shall very badly need in times to come.

While, therefore, I should be the last to disregard the great amount of unemployment that still exists among the educated classes, I do feel that we are entitled to congratulate one another on the extent of the progress that we have been able to make in the last ten years. And I should like to take this opportunity of thanking you for the steadfast courage with which you have supported me, in spite of apprehensions from time to time, in the pursuit of the policy which has brought about these results.

The Revised Estimate and the Budget.

General results for 1935-36 and anticipations for 1936-37.

I will now turn to some more details about our budget. In so doing, I propose to repeat the procedure of last year, dividing up our revenues very roughly into three categories, namely, first the endowments of Nature, secondly, the State's commercial enterprises, and thirdly, the contributions of the tax-payer.

Mining revenue.

Our mining enterprises have again been very good to us. The revenue from royalty on gold amounts to Rs. 26 lakhs in the year 1935-36 as against Rs. 25·04 lakhs last year. In addition to this, the income-tax derived from the mines amounts to Rs. 14·55 lakhs against Rs. 15·16 lakhs last year. In chrome we have a revenue of Rs. 30,000 this year, as against Rs. 1·10 lakhs in 1934-35. And the net profit on sales of securities, owing to the magnitude of the transactions involved, amounts to no less than Rs. 20·42 lakhs.

Industries.

Commercial enterprises.

I propose to deal with the enterprises that fall roughly into the category of commercial enterprises, as I did last year, in the order of the amount of capital involved, which is as follows :—

1. The Krishnaraj Sagar Hydro-Electric and Irrigation Works.
2. The Mysore Railways.
3. The Mysore Iron and Steel Works.
4. The Mysore Sugar Factory.
5. The Chamaraja Waterworks.
6. The Sandalwood Oil Factory.
7. The Soap Factory.
8. The Silk Industry.
9. The Central Industrial Workshop.
10. The Tobacco Industry.
11. The Porcelain Factory.
12. The Government Electric Factory.
13. The Industrial Testing Laboratory.
14. Cottage Industries.

Krishnaraj Sagar and Hydro-Electric Works.

These Works now represent a total investment of Rs. 323·47 lakhs. I told you last year that we had been disappointed in the return which the irrigation works had then given, but expressed the hope that we would shortly get over this difficulty. That hope has already been to a great extent fulfilled. As against a total of 56,000 acres for which water has been made available, an aggregate extent of 41,300 is now under irrigation. It is expected that this will soon go up to 50,000, and the Deputy Commissioner anticipates a realisation of Rs. 2,55,400 under water rate under the Irwin Canal in the year 1936-37. In addition to this, the ryots who were hitherto holding back have been coming forward to execute *mulchalikas* in respect of land under the portion of the Cauvery branch on which work has been suspended, so that 6,600 acres have already been accounted for out of the total of 8,200 acres which has yet to be brought under irrigation. Accordingly, the Krishnaraj Sagar Working Committee have recommended the resumption of the works, and the matter is now under consideration. Among other projects in this direction that are being considered is one for expanding irrigation by pick-up channels in the same tract.

The demand for electricity is increasing to such an extent that the Department considers that it is necessary to have a continuous supply of

1,200 cusecs at Sivasamudram, as against the agreed maximum discharge of 900 cusecs from the storage in the Reservoir. This question has been investigated by an expert committee who have recommended immediate steps being taken to raise the storage from 120′ to 124′. This, of course, means the submersion of an additional area which is estimated to cost Rs. 3 lakhs. This scheme has been sanctioned by Government. To meet immediate requirements, Government have decided upon the construction of an additional unit for providing 8,000 H. P at a cost of Rs. 11 lakhs.

Railways.

I have already referred to the important financial event involved in the discharge of the 4 per cent M. & S.M. Railway debenture loan for £1,200,000. The necessary arrangements are now being made to take over the lines from the M. & S.M. Railway Company with effect from 1st January, 1938. When this transfer is completed the total length of miles of the Mysore Railways will amount to 721·66 and the whole undertaking will compare favourably in magnitude with some of the Railways ranked as railways of the first class. Among other developments that are necessary in view of this great expansion of the enterprise is the construction of a Railway Central Office capable of accommodating the whole of the increased staff, and Government have sanctioned the construction of such an office at Mysore at a cost of Rs. 5½ lakhs. Meanwhile, the extension of the Shimoga-Ananda-pur Railway in the direction of Sagar continues and a total amount of Rs. 3 lakhs has been sanctioned by Government during the year and Rs 4 lakhs for the next year. In the same connection, and in order to meet the menace of bus competition, Government have sanctioned a scheme for running motor buses, and have started a service from Shimoga to Sagar in the first instance. The capital cost incurred on this scheme is Rs. 34,000, and the earnings so far are satisfactory.

Mysore Iron and Steel Works.

The Mysore Iron and Steel Works have shared in the return to prosperity which has been enjoyed by similar works in England and elsewhere. Already, before the steel plant was in operation, the Iron Works had given us an agreeable surprise by earning a working profit on the manufacture of their original products. In the coming year, as a result of increasing demand and rise in prices, coupled with some reduction in cost, due to very efficient management, and the addition of the steel plant, it is hoped that they will yield a profit of Rs. 3 lakhs. This profit will be transferred to the Depreciation Fund, to which no contribution has so far been possible.

Mysore Sugar Factory.

The progress of the Sugar Factory is well known to you all. It yielded a profit of 11¼ per cent in 1935-36, and it is hoped that it will yield a much larger profit for shareholders in the coming years. It must not be forgotten that every rupee of profit that goes to them is accompanied by a corresponding payment to the ryot as price for his sugar-cane. And not only that, there is also the yield to Government under the head of Sugar Excise Duty, which in the year 1935-36 was Rs. 4·70 lakhs and for the coming year is expected to be Rs. 5·20 lakhs.

Chamaraja Waterworks.

The Chamaraja Waterworks have, as I said last year, been disappointing from a purely commercial point of view. Steps, however, have been taken to increase the revenue by making arrangements for the supply of water at commercial rates, to the Bangalore Woollen, Cotton and Silk Mills and other large consumers, and it is hoped that, as the years go on, and other developments of a similar kind are made, the Works may show a better return on the capital invested.

Sandal Oil Factory.

The depression in the sandal oil trade continued, and there has not

been much change in the demand and prices. Arrangements for the distillation of Mysore sandalwood in Kanauj have been discontinued with effect from 1st February, and the requirements throughout India are now being met by the Mysore Factory.

Soap Factory.

The output and sales of soaps and other products of the Government Soap Factory showed a slight improvement, and their popularity has been maintained in spite of the competition which the factory has had to face. The factory had to reduce its selling rates in sympathy with the market and this has resulted, in spite of increased sales, in the net profits being reduced to about Rs. 40,000.

The Silk Industry.

The present condition of sericulture continues to be a source of great anxiety to Government, although there have been some signs of a slight recovery in the last few months. Continuous action is being taken to stimulate mulberry cultivation and increase the supply of disease-free eggs. Two additional grainages were opened during the current year, and provision has also been made for opening new Government and aided grainages during the next year.

Silk-waste was once an important source of subsidiary revenue to the reeler, but the prices obtained have steadily fallen; and latterly there has been no demand. To help the sericulturists, Government have sanctioned a scheme for starting a Silk-waste Spinning Factory on a joint-stock basis. The factory will have three thousand spindles and a capacity of about 80,000 lbs. of spun yarn a year, and its prospects have been considerably improved by the imposition of an additional duty of 14 annas a lb. on imports of spun silk. You have all doubtless seen the prospectus of the new company, and I hope that many of you will soon be shareholders in it.

The demand for the products of the Silk-Weaving Factory continued to be keen, but here again much competition was encountered, and had to be met by a reduction of prices and a constant search for newer and more attractive designs of such goods as handkerchiefs, ties, and lace-bordered saris.

Central Industrial Workshop.

Government have issued orders on the recommendations of the committee appointed to enquire into the working of the Central Industrial Workshop. Sanction has been accorded to the purchase of additional plant at a cost of about Rs. 40,000 and to the writing off of much worn-out and obsolete plant. An important order obtained during the year was that for Calyx drill equipment for well-boring supplied to the Pudukottah State.

Tobacco.

Another scheme which is full of promise, as providing a subsidiary money crop to our agriculturists, is the cultivation of Virginian tobacco and its curing in barns. During the last year experiments were carried on in the Whitefield area on a small scale, but owing to the unfavourable seasonal conditions and the preliminary difficulties incidental to the starting of a scheme of this nature, the operations resulted in a small loss. The experience gained has, however, been of great value, and justifies, in the opinion of the officers concerned, the continuance of the work at Whitefield as a regular commercial proposition. At the same time, it is proposed to take up the work on an experimental basis in new areas, such as, Goribidnur, Hunsur, Mandya, Periyapatna and Babbur. It is gratifying to learn that the department has received offers for the purchase of the whole output with a guarantee of indemnity against loss. I may add that a batch of seventeen pupils has recently been sent to Guntur and trained in barn-curing and allied work.

The Porcelain Factory.

The services of an expert have been secured for the Government Porcelain Factory and there has been an improvement in both the production and

sales. Additional buildings and plant are under erection.

The Electric Factory.

During the last two years work on an experimental basis has been carried on in the manufacture of electrical accessories and allied products, and a sum of Rs. 70,000 has recently been sanctioned by Government for the establishment of a regular factory in the old distillery buildings. Facilities have also been afforded to a firm who were manufacturing electric accumulators in Bombay, and they have reorganised their concern and formed a joint-stock company which will work in the same premises.

The Industrial and Testing Laboratory.

The total value of medicines manufactured in the Laboratory during the year came to Rs. 65,000. The Government Lac Factory was taken under the same control, and special attention is being given to the improvement of the quality and colour of the button lac and shellac and to the manufacture of new products. A scheme for the manufacture of bitumen emulsion for surfacing roads was sanctioned by Government, involving a total outlay of Rs. 39.855. Necessary plant and equipment with a capacity of about 1,000 gallons a day was erected at the premises of the Laboratory, and 1,07,000 gallons valued at Rs. 44,000 have so far been supplied to the Public Works Department. It is under contemplation to instal a similar plant at Mysore.

Cottage Industries.

During the year under report an improved type of loom was designed and its working was demonstrated in several places in and outside the State. The looms received special recognition at the Exhibitions at Patna and Delhi. It is now proposed to undertake the manufacture of the same on a large scale so as to bring it within easy reach of the weavers. The working of the Weavers' Co-operative Society at Bangalore was examined and the Society was reconstituted with an enlarged directorate. Special accommodation has been given to the Society by the Apex Bank, and a Government subvention of Rs. 100 a month has been sanctioned for one year to meet the rent and office expenses. Detailed investigations into the lacquerware industry at Channapatna were made with a view to regulating the competition between the local merchants and artisans, which has been responsible for a severe fall in prices. The introduction of new designs and of improved appliances is also receiving attention. The other cottage industries to which attention is being paid by the Industrial Department are bee-keeping, the manufacture of glue, leather goods, improvements in village *ganas* and coir ropes and mat-making.

New Industries.

I cannot conclude this review of our commercial enterprises without referring to some important enterprises that are still in embryo. I have already referred to the scheme for a Silk-waste Spinning Factory.

Cement.

The next important enterprise we are taking up is the making of cement. This is a matter that has been under the consideration of Government for some years, and recently, the Board of Industries and Commerce recommended that a plant for the manufacture of 60 tons a day of high grade portland cement be installed. There are considerable advantages in establishing this plant at Bhadravati, not only because all the raw materials are available within economic distance, but also because the engineering and other facilities furnished by the Iron and Steel Works can be utilised and the capital outlay kept down. Orders for the plant and machinery will be placed at a very early date. Arrangements have also been made for the engagement of a manager with experience of the industry in India. I am aware that there was a strong feeling among the public that the scheme should be organised on the basis of a private limited company supported by Government, but this was not found practicable as the

operations will be, as I have already indicated, very closely linked up with those of the Iron and Steel Works.

Paper.

Bhadravati will also form the centre of another important industry. I refer to the manufacture of pulp and paper. It is unnecessary for me to go into the details of this scheme as you have all doubtless read the prospectus of the company. To ensure the successful establishment of this industry, Government have given very valuable concessions, and the keen demand for the shares of the company from all classes of investors shows that the factory supplies a real need in the economy of South India.

Direction of the combined concerns at Bhadravati.

You will have noticed from the prospectus that one of the conditions prescribed by Government is that the Chairman and Managing Director of the Paper Mills should be nominated by Government, and it is our intention that the Chairman of the Board of Management of the Mysore Iron and Steel Works should also be the Chairman and Managing Director of the Paper Mills, as this arrangement is calculated to ensure the smooth working of the two concerns.

At the same time, we cannot but recognize that the addition of the manufacture, distribution and sale of steel, cement and paper, to those of iron goods must throw a very heavy additional burden upon the Chairman of the combined concerns, and that it would not be fair to expect a non-official, however able, to undertake this onerous work. Government have accordingly come to the conclusion that it is necessary to appoint an officer who will be able to devote his whole time to the work of Chairman and Managing Director of these important concerns. They have, therefore, reluctantly decided to accept the resignation by Diwan Bahadur, Rajamantrapravina Mr. K. Matthan of the offices of Chairman of the Mysore Iron and Steel Works and the New Paper Mills, and to appoint a senior officer of Government with experience of industrial management as Chairman; the new arrangement will come into effect from 1st August, 1936. Mr. Matthan has done much work in settling the preliminary details of the new concerns, and Government appreciate very highly his valuable services even after retirement, and you will all be glad to learn that he will continue to be associated with the Sugar Company as its Chairman and Managing Director.

Arrangements for sale.

Lastly, you are all well aware of the truism that it is useless to manufacture goods unless you have a fully equipped agency for advertising and selling them, and you will find that we have been active in the year in this respect also. We have conducted marketing surveys, in collaboration with the staff of the Government of India, in respect of rice, wheat, groundnuts, linseed, tobacco, fruit, eggs, milk, cattle, hides and skins. It is proposed next year to conduct similar surveys in respect of coffee, cocoanut and copra, and to recruit and train two probationers for this work.

I think you will find that the virtues of our goods have been prominently set forth in most of the leading newspapers in India, as well as in several of those in England. I would invite your attention particularly to the special Mysore Number that has just appeared as a supplement to the journal entitled 'Great Britain and the East.'

While the Trade Commissioner's Office in London continues to expand its activities, we have, with a view to improving the sales of our products in Bombay and to facilitate an intensive propaganda being carried on, organized a Mysore Emporium in Bombay, which was opened on the 14th April, 1936. Sir Chunilal Mehta very kindly performed the opening ceremony. The Emporium makes an effective display of the products of the Government factories, and it is gratifying to find that private manufacturers are also taking advantage of this facility. In addition to this, all the State factories

participated in several exhibitions, and our goods have won appreciation wherever they were exhibited.

Taxation—The Road Fund.

Before dealing with the contribution of the tax-payer, I should like to mention a circumstance that has necessitated some changes in the classification of our accounts, that is, the introduction of the Road Fund. A new fund head has been opened to which are credited the entire receipts from tolls, motor license fees, etc. (now appearing under XIX A. Communications), the usual grant for roads and the grant of the Government of India from Petrol Tax Revenue. The cost of collection and administration of the taxes, the incidental expenses of the Traffic Board and the expenditure incurred by the Public Works Department in connection with the roads will be met from this Fund. The effect of the above change in classification is a decrease of about Rs. 6 lakhs under "Total Revenue" and a similar decrease under "Total Expenditure charged to Revenue," and this has to be kept in view in making comparisons.

Contribution of the tax-payer—Land Revenue.

Coming now to the contribution of the tax-payer, the seasonal conditions, which were unfavourable in 1934-35, continued so until the middle of August last year, but the rains of August and the subsequent months eased the situation considerably. Many tanks which had almost dried up received a good supply of water, and the agricultural operations were good. The rainfall during the year was satisfactory, and it is hoped that the approaching monsoon will bring conditions favourable to the agriculturist. As a result of the favourable seasonal conditions, the acreage under the two staple crops, ragi and paddy, increased from 21,14,203 and 679,809 to 22,04,798 and 740,994, respectively. The percentage of collections up to the end of March, 1936 showed an improvement from 17·7 to 21·03.

Excise.

In the case of Excise, I regret to report a further fall, making a total fall in the past ten years of Rs. 15½ lakhs or about 24 per cent. If I could believe that even a major part of this decline in revenue was accompanied by a corresponding decline in consumption, I should be satisfied, but believing as we do that it is very largely due to an increase in illicit practices and to the fact that money which should go into the coffers of Government is going into the pockets of the middlemen, we will not rest content until we see an improvement.

Stamps, Registration and Income-tax.

There has been a welcome improvement under "Stamps, Registration and Income-tax," indicating a recovery in general trade conditions.

Under Miscellaneous Taxes, I have already referred to the increase of Rs. 1·55 lakhs in the Sugar Excise Duty, owing to an increase of output in the Sugar Factory. A new item of revenue is Rs. 29,000 received this year, and Rs. 40,000 to be received next year from the recipients of prospecting licenses for gold. At the same time, an increase in the profits of the companies and the fact that the Champion Reef Gold Mining Company are making a large increase in their capital lead one to hope that there will be an increase in the payments in royalties.

Expenditure.

The salary cut.

Turning now to the Expenditure heads, I am in the first place very glad to be able to say that we have at last found ourselves in a position to restore the emergency reduction in the salaries of Government employees. This reduction has now been in force for a matter of five years, and has involved a very heavy strain on the finances of a body of very deserving public servants. This measure involves an extra provision of Rs. 2 lakhs, but some savings, due to the revision of scales of pay effected in 1934-35, are expected to

be realised during the next year, with the result that there will be no appreciable increase in the total provision.

Public Works.

Of the other principal changes on the expenditure side, there is, in the first place, an increase of about Rs. 4 lakhs in Public Works during the current year, which has been necessitated by the rapid progress made with a large number of buildings and irrigation works, and by the higher standard of road maintenance required by modern conditions.

I give below a list of the more important works which have been recently taken up or completed :—

(1) The McGann Hospital, Shimoga, and the Chennagiri Ramanna Setty Out-patient Dispensary attached to the Hospital. These have been completed and taken over by the Medical Department.

(2) The new Mental Hospital which is proposed to be built on a site to the east of the Lalbagh. The estimated cost is Rs. 2,11,700.

(3) An Obstetrics Block attached to the Vani Vilas Hospital at Bangalore. Estimated cost, Rs. 63,000. Dharmaprakasha Mr. Sajjan Rao of Bangalore has generously undertaken to bear the entire cost.

(4) A new building for holding the annual Dasara Exhibition at Mysore. Estimated cost, Rs. 1½ lakhs. A portion only is being built this year at an estimated cost of Rs. 55,000. It is hoped to complete the building in the following year.

(5) Quarters for the constables and officers of the Police Department at Bangalore and Davangere at a cost of Rs. 25,000.

(6) A new hospital at Kolar, estimated to cost Rs. 85,000, of which a sum of Rs. 63,000 has been received from private donors and from the Silver Jubilee Fund and local bodies, the balance being met by Government.

(7) New Railway Offices at Mysore at a cost of Rs. 5½ lakhs.

(8) Buildings for Telephone Exchanges at Mysore and Bangalore at a total cost of about Rs. 1 lakh.

(9) A new block for the Mechanical Engineering School at Bangalore, costing Rs. 44,500.

(10) The Vani Vilas Bridge at T.-Narsipur—completed.

(11) A motor road to Nandi Hill, costing Rs. 35,000.

(12) A bridge at Ramanathapur at an estimated cost of Rs. 2·75 lakhs—1·25 lakhs from the Road Reserve Fund of the Government of India, and the balance from the District Board.

An additional grant of Rs. 1½ lakhs has been sanctioned for effecting improvements on a self-supporting basis, without incurring any charges on the Government, near the Kumbargundi Road, Bangalore, which it is hoped, will improve the sanitary condition of the area and also greatly add to its beauty.

Mysore University.

It is proposed to raise the grant to the Mysore University from Rs. 9·10 to Rs. 10 lakhs in order to meet the extra expenditure due to the restoration of salary cuts, the revision of the scales of pay of the teaching staff and the cost of certain building works.

Grants for Local Improvements.

The grant for improvement of water supply in towns has been raised from Rs. 45,000 to Rs. 55,000, and special provision has been made for the opening of new medical and veterinary dispensaries and for the expansion of primary education.

Telephones.

In order to meet the increasing demands of the public for telephone accommodation, both in Bangalore and Mysore, a scheme costing Rs. 6 lakhs has been sanctioned. This provides initially for 500 telephones in Bangalore and 300 in Mysore, against 200 and 100 now in existence, with facilities for eventually expanding the number to 2,000 in Bangalore and 600 in Mysore. Arrangements will also be made to connect our exchanges with the trunk telephone system of India.

Capital Works.

As regards Capital Works, I have an important new development to report to you, namely, the placing of a 3 per cent loan 'on tap' at a premium of Re. 1, which has since been raised to Rs. 1-4-0, for the purpose of taking advantage of the cheap money rates now prevailing with a view to expanding the revenue realised from remunerative works. It is a specific condition of this loan that none of the money is to be employed except on remunerative works, and that the loan is to be closed directly as much money as can be expended on such works has been subscribed. The subscriptions up to date amount to Rs. 45 lakhs, and the following is the list of the works which it is, so far, proposed to undertake out of the loan.

	Rs. in lakhs
Works for the generation of electrical power. ...	11·00
Expansion of the Electric Factory. ...	1·70
Expansion of the telephone system. ...	6·00
Electrification of Davangere ...	8·00
Cement Factory	5·50
Acquisition of lands under Krishnaraj Sagar in connection with the development of power and irrigation.	3·00
Loan to Mysore City Municipality.	4·00
Shares in new Paper Mills ...	2·50
Shares in the new Mysore Spun Silk Mills.	·85
Total ...	42·55

In the net result we close our accounts for 1935-36 with a balance on hand of Rs. 96·29 lakhs. The revenue expected to be realized in 1936-37 is Rs. 378·72 lakhs, after transferring about Rs. 7 lakhs to the Road Fund. The figures for expenditure are Rs. 376·72 lakhs as against Rs. 377·58 lakhs for the current year, and we hope to close the year with a favourable balance of Rs. 2 lakhs.

Unemployment.

I have referred in the earlier paragraphs to the question of unemployment. A weighty contribution to the solution of the problem of middle class unemployment in India has, undoubtedly, been the Report of the Unemployment Committee of the United Provinces presided over by that distinguished countryman of ours, the Rt. Hon. Sir Tej Bahadur Sapru. The recommendations of the Committee are, for the most part, based on the conditions obtaining in the United Provinces, but they are indeed of much wider application and significance; and even apart from the specific recommendations, the Report itself embodies several suggestions of great value which, if properly followed, may lead to useful developments.

I have had the Report carefully examined and analysed in the Secretariat with a view to seeing how far the recommendations of the Sapru Committee could, with necessary changes, be adopted in our own State. The opinions of the Heads of Departments have also been obtained on the various suggestions in the Report. Copies of the review with the notes will be supplied to the members of the Assembly for their information.

In passing, I may be permitted to make one observation. As you know, the problem of unemployment is facing almost all countries in different degrees. In India itself, with which we are immediately concerned, it is being tackled by different Provinces in different ways. I have tried to indicate to you briefly, in the course of my address as well as in the notes on the Sapru Report, what we in Mysore have done and are doing in this direction.

Conclusion.

While I trust that you will regard as satisfactory, not only the figures for the two years under consideration, but the general results of our transactions for the past ten years, which I have endeavoured to describe to you, I do not conceal from myself the fact that the times are critical and fraught with danger. Though we live in a corner of the world, we cannot be unconcerned with what is happening outside that corner. World affairs are in an appalling state. It is a world of ferment and conflicting ideas. The news of the day is filled with instances of outrageous breaches of faith, disregard of pledges, and avoidance of promises

made in semblance of honour. Treaties, covenants, and agreements have been smashed the world over, and each instance of bad faith has brought contracting nations to war or to the verge of it. One is tempted to lose all faith in treaties, when so often their observance lasts only so long as they coincide with the interests of the contracting nation. Yet the one hope for us all is resolutely to keep our faith in human nature, and in that will towards peace and unity which we know is powerful even now among the people of the nations.

The present state of Europe offers a sad commentary on Western civilisation. Humanity owes a great deal to Europe. It would be no exaggeration to say that almost all its recent wonderful progress in Science and Art is due to Europe. It has been the creator of modern civilisation. It cannot be its destroyer too!

There seems little hope for the world unless the peace of Europe is achieved, and it will not be achieved, unless a just settlement of all pending issues takes place, unless all real grievances are redressed, and unless there is, at least, a sincere desire on the part of the various governments to settle them in a spirit of goodwill and justice. For no settlement can endure unless it is based on a foundation of right.

The state of Europe is a matter which concerns India very deeply. The world is getting smaller and smaller, thanks to the great advance which science is making in the annihilation of distances. If there should be a conflict in Europe, Britain is almost certain to be involved in it and this will inevitably bring India also into the vortex. Who can prophesy the results of a conflagration of such a magnitude and foretell what the fate of India might be, defenceless as she is and incapable of offering any resistance, especially to an invader from the sea?

Britain, whose chief interest is peace, is striving might and main to evolve a satisfactory solution of a most perplexing problem. Let us wish her success in her search for peace.

Ladies and Gentlemen, in the grim light of present realities, how petty our differences appear, how insignificant the racial or religious barriers that separate us. Instead of standing shoulder to shoulder in the service of a common Motherland, we are perpetually quarrelling with one another over things that are of no real value either in this world or, I am sure, in the next. We hear talk of communism. We hear praise of Bolshevism from the lips of persons who should know better. Let us be more practical. Let us be more discerning. Let the bonds of a common aspiration unite us all together—Hindus and Muslims and Christians—British India and the States. It is only then that a new India will arise. It is only then that we can, in the memorable words of the Viceroy, who deserves our fullest co-operation, "move boldly forward with faith and courage," and "sustain in all its ancient fame and glory, the great name of India over all the world."

Rao Sahib M. RAMASWAMI then spoke as follows:—

Sir, we beg to express our great sorrow in losing our most popular and peace-loving King-Emperor. We also express our sincere condolences to His Highness the Maharaja, for he has lost in his sister a noble and generous princess.

We greatly rejoice that His Highness has been restored to his normal health after his recent illness.

We have heard with great interest and earnestness your valuable Address. We know with what great patriotic motives you have been striving to make the people of Mysore happy, by creating so many industrial and agricultural opportunities in the whole State. We know that if we interest ourselves in all the new schemes that have been started, we will be quite happy in the course of a decade and show even greater progress than our sister States. We are grateful to you for all these efforts.

We take this opportunity to thank Lord Erskine, the Governor of Madras, Lady Erskine, and other distinguished guests who have so kindly visited us

to-day and watched our proceedings so keenly. We are happy that Col. Plowden, our popular British Resident, has returned to us from long leave. We are sure that he is going to solve many of the difficulties which are still facing us, because we know that he is a great friend of Mysore. We also welcome His Highness the Mir of Khairpur into our midst.

We beg of you, sir, to kindly convey to His Highness our beloved Maharaja our most respectful regards and expressions of our gratitude for all the good that he has been doing all these years. (Loud and prolonged cheers.)

Mr. C. K. VENKATARAMAIYA, Kannada Translator to Government, then read the Kannada translation of the Dewan's Address.

Swearing in of New Members.

Rao Sahib A. Thangavelu Mudaliar and Messrs. Yajaman Muniswami Chetty, K. L. Nanjappa Nadig and T. C. Basappa made the prescribed Oath of Allegiance to His Highness the Maharaja and took their seats.

QUESTIONS AND ANSWERS.

Gomal Lands.

Q.—1. **Messrs. T. MADIAH GOWDA** and **V. VENKATAPPA** (Channapatna Taluk); **Patel VEERE GOWDA** (Dodballapur Taluk); **G. VENKATARAMANA GOWDA** and **S. KARIAPPA** (Kankanhalli Taluk); **R. RANGIAH** (Channapatna Municipality); **Patel GANGIAH** and **S. T. MALLASETTAPPA** (Nelamangala Taluk); **B. M. MUNISAMAPPA** (Bangalore Taluk); **R. DASAPPA** (Devanhalli Taluk); **H. GANGAPPA** and **M. S. PUTTARAMA SETTY** (Magadi Taluk); **Nilgiri G. SANJEEVIAH** and **S. SHARABHANNA** (Anekal Taluk); **M. SIDDE GOWDA** and **K. T. BHASHYAM AIYANGAR** (Special Interests); **A. M. VENKATASAMIAH** (Closepet Municipality) and **VEERASANJEEVA GOWDA** (Closepet Taluk).—

Will the Government be pleased to state:—

(*a*) the number of villages in the Bangalore District for which *gomal* land is available and the number of villages where there are no *gomal* lands (talukwar);

(*b*) what is the number of villages in which *gomal* lands were disposed of wholly or in part during the last 5 years and the number of villages in which the extent of *gomal* land was increased during the said period; (information may be furnished talukwar and salwar);

(*c*) has it come to the notice of Government that the rearing of cattle has become difficult owing to the scarcity of *gomal* lands in many villages?

A.—**The CHIEF SECRETARY to GOVERNMENT (Mr. A. V. Ramanathan).**

(*a*)—

Name of Taluk	Number of villages where gomal land is		Remarks
	Available	Not available	
1. Bangalore	229	87	
2. Anekal	100	68	
3. Dodballapur	211	29	
4. Nelamangala	203	36	
5. Devanhalli	169	20	There are becharak villages.
6. Hoskote	231	27	Out of these 9 are becharak.
7. Closepet	105	8	
8. Channapatna	97	32	
9. Magadi	242	12	Do do
10. Kankanhalli	261	Nil	
Total ...	1,848	319	